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CENTRAL INTELLIGENCE AGENCY
 Directorate of Intelligence
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MEMORANDUM

SUBJECT: Prospects in the Middle East

The past six months have seen the evolution of a situation much like that prevailing before the October 1973 war--a situation in which the parties' perceptions of their own and the other side's positions influenced the course of events as much as practical realities. In the six months ahead, states of mind rather than physical capabilities or political realities could well mean the difference between progress and stalemate. Atmospherics could be as significant as concrete proposals.

Both the Arabs and the Israelis have taken steps which have threatened the negotiating process that the disengagement agreements and US diplomacy had started to build. The decisions taken at the Rabat summit and Arab actions in support of the Palestinians at the UN foreclosed Israeli-Jordanian negotiations on the West Bank. Syria's threat not to renew the UN observer force mandate and the subsequent limited Israeli mobilization increased distrust between Damascus and Tel Aviv and raised the spectre of an Israeli preemptive strike against Syria. Although Egypt and Israel have supported another Sinai disengagement as the most realistic negotiating alternative, statements last month by both Prime Minister Rabin and Foreign Minister Fahmi produced a public hardening in the positions of both sides.

Growing Pessimism

Perhaps the most disturbing development in the past two months has been the increasingly hostile, though still defensive, position taken by Israel. The Israelis are frustrated by their seeming inability to turn their continued military superiority into an effective counter to the Arabs' financial and diplomatic power. Israeli actions, [redacted]

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are intended as signals to the Arabs that Tel Aviv cannot be intimidated into making territorial concessions. Public reaffirmations of Israel's military preparedness and provocative announcements about settlement policies in the occupied territories serve to dissipate the impression of flexibility given by Prime Minister Rabin only shortly before the Rabat summit. The interviews he gave last month charted a political course that seemed to leave no room for accommodation with Syria or the PLO and forecast a virtual freeze in the negotiating process once a second Sinai disengagement had been achieved. 25X6

At the same time, Tel Aviv seems to retain hope that the pressures from US policymakers for Israeli concessions might be countered by reverse pressures from US public opinion. Prime Minister Rabin, in outlining his "seven lean years" strategy recently, spoke of difficulties likely to arise in US-Israeli relations in the next year, but he said that if the Israelis can survive 1975 with minimal concessions--specifically in the Sinai Peninsula--they will have gained not one year but two. The implication was that Israel would not face undue pressure for further movement in negotiations during a presidential election year.

The Arabs, for their part, still believe that the US can and should exert effective pressure on Israel, although their statements and their media commentary indicate a growing apprehension that "Zionist influences" in the incoming Congress will prevent this.

Neither the Israeli nor the Arab viewpoint is fully realistic. Neither position will facilitate talks; both could lead to war. The expectation of public support in the US could stiffen Israeli resolve in negotiations and, in the extreme, lead the Israelis, should they feel sufficiently threatened by the Arabs, to rationalize their way into making a first strike on the assumption that the US would ultimately be forced by domestic opinion to come to Israel's assistance.

The view among the Arabs that the US still supports Israel's tactics and goals could similarly stimulate intransigence in negotiations, as it did before October 1973, and

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bring the Arabs again to view war as the only means of breaking a frustrating impasse. Arab and Israeli perceptions of the US attitude, more than the reality of that attitude, are thus likely to determine events in the period ahead.

Although both sides appear to have grown increasingly pessimistic, there are some hopeful elements in the current situation. Despite impatience with the lack of economic progress at home and pressure from the Syrians and the Soviets, President Sadat appears committed for the present to the step-by-step approach to negotiations, and continues to resist Soviet pressures to declare for a quick return to Geneva.

The Israelis, while laying down tough conditions, have indicated some public flexibility on the political concessions they might demand for another Sinai disengagement. The Syrians, despite their continued frustration, did renew the UNDOF mandate and have recently muted their call for a return to Geneva. Finally, neither Syria nor Egypt appears ready or even inclined to renew hostilities, while both Rabin and Foreign Minister Allon have recently pointed to Israel's inability to achieve a political victory through renewed fighting.

The situation, however, remains volatile and the question of the moment is whether or not Egypt and Israel can be persuaded to come to terms on a Sinai withdrawal package that would revive negotiating momentum.

Prospects for a Sinai Disengagement

Sadat recently indicated that he is looking to the date of the expiration of UNEF--next April--as the point before which significant progress must be made. The expiration of the UNDOF mandate on the Golan a month later is another such milestone, and if negotiations remain stalled through the April-May period, Egypt could join Syria in another round of diplomatic and military brinksmanship.

Egypt's readiness for a second-stage withdrawal is well demonstrated, and President Sadat, by virtue of the Soviet promise of military equipment, has gained a breathing space in which to continue step-by-step talks with the US under less pressure from his military establishment. However confident the Israelis might be of their ability to circumvent US pressures, they also seem to believe that successive "lean

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"years" can best be managed by acquiescing in a major agreement during the first of those years. Since December 30, Israel can no longer claim to be negotiating under pressure of the Brezhnev visit to Egypt and, even if the Israelis might at present be inclined to take Egypt's continued military weakness as a cue to delay further Sinai negotiations, they will be likely to reassess their position if it becomes clear that the Soviets have agreed to deliver to Cairo previously contracted equipment without obtaining a political quid pro quo.

The Israelis probably can be brought to make important concessions in the Sinai, including evacuation of the Gidi and Mitla passes or of the Abu Rudays oil fields. Both together might be too much for Tel Aviv to accept at present. Allon told the Knesset on January 1 of the government's interest in holding some territories important to Egypt as an incentive for Cairo to proceed with additional negotiations in the future. The Israelis undoubtedly consider the Sinai passes and the oil fields as two of the most important cards they hold in this respect. In return for another withdrawal, Israel wants from Egypt an extended cease-fire in the Sinai, and might also require demilitarization of the evacuated areas, stationing of UN or joint Israeli-Egyptian patrols there, and possibly re-opening the Suez Canal to the transit of Israeli cargoes.

Until an Israeli-Egyptian agreement is achieved, there seems no prospect of developing Israeli interest in negotiating another pullback on the Golan Heights. In addition, any movement on the West Bank issue seems unlikely in the next six months. Recent Israeli overtures to prominent West Bank Palestinians for greater Arab "autonomy" have been spurned. Jordan appears to be out of the negotiating picture for an indefinite period and is in no position to make separate security arrangements with Israel so long as Syria and Egypt continue to endorse the PLO as the authority to negotiate return of the West Bank.

Syria's Attitude

At the Rabat summit, the Syrians made clear their opposition to a unilateral Egyptian deal with Israel. The Syrians distrust Sadat and have tried to force him to agree to act in concert with them; they have obtained some backing for their argument from other Arab chiefs of state, especially Faysal and Boumediene. President Asad seems to prefer negotiations at Geneva, where he can count on Soviet support as a check on the

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Egyptians. On top of this, Asad may genuinely believe that Geneva is the only place to take up the hard political questions that have to be addressed--the rights of the Palestinians, concessions for future Israeli withdrawals, and the future of Jerusalem.

Nevertheless, recent developments suggest that Asad might be willing to drop his objection to a unilateral Egyptian move in the Sinai. The Syrians appear to have renewed the UNDOF mandate because they believe that a return to Geneva is possible before the next expiration of the UNDOF mandate. Asad indicated last month that he believes Geneva could succeed when "suitable conditions become available." This qualifier suggests Asad is willing for the present to wait until the other parties decide that the time is right for a return to Geneva. If he is satisfied that he will eventually get his innings at Geneva, he may be amenable to letting the Egyptians negotiate another Israeli withdrawal in the Sinai.

From all indications, Asad and his key military advisers are not eager to take on the Israelis militarily, especially without Egypt. Asad appears to have a secure base of support in the military and appears under no serious internal pressure at present to depart from the negotiating path. This does not mean that Asad can ignore fractious groups in the party and army, especially if negotiations go sour.

The Next Few Months

The period immediately beyond a further Sinai agreement will be the critical test for the negotiating process.

Israel is likely to feel that nothing more should be demanded of it in terms of interim steps and it will look to US domestic opinion to support its reluctance to make additional concessions. Tel Aviv will remain adamant in its refusal to deal directly with the PLO, hoping thereby to force the Arabs--perhaps within a year or two--to allow Jordan unilaterally to work out a solution with Israel to the Palestinian question.

A continuing source to potential military conflict, however, is the escalation of fedayeen attacks inside Israel and Israel's stepped-up retaliatory strikes into Lebanon, actions which could bring Israeli and Syrian forces into direct clashes.

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[redacted] the government's public position is that Damascus is too unyielding in its demands to allow room for even an interim settlement involving a second-stage pullback on the Golan Heights.

Syria, on the other hand, is likely to be more impatient. Asad, however much he might anticipate it, would interpret a second Egyptian-Israeli agreement as indicative of Egypt's readiness to negotiate a full settlement unilaterally, and also of a US willingness to support Israel's delaying strategy. Domestic pressures on Asad to match Egypt's progress or to take military action would probably mount. It is doubtful that Syria would again quietly extend the UN mandate in late May without a near certainty that either a second Golan disengagement or a resumption of the Geneva conference were on the horizon. This does not necessarily mean Syria would immediately resume hostilities. The Syrians realize they would incur much heavier losses than they did last spring even if they tried to limit the fighting again to a war of attrition. A costly defeat would not only set back Syria's negotiating chances, but could also leave Asad much more politically vulnerable at home.

Revocation of the UNDOF mandate would more likely be the first step in a scale of actions by which the Syrians would hope to exert enough pressure on Israel and the US to get serious negotiations moving. The timing and sequence of these actions would depend on factors not yet predictable, but at some point Damascus would be agitating for renewed Saudi oil pressures on the US and it would almost certainly try to engage Egypt in further military planning for another two-front war. Syria could gradually raise tensions on the Golan Heights by moving more and heavier equipment into the limited arms zone and later into the UN buffer zone as well. Any of these steps could lead to war, and all of them probably would, but the Syrian aim would be to produce the desired results by threats and pressure before the scales tipped from peace to war.

Even in Egypt, extended patience cannot be expected. Whatever political muscle Sadat has recently shown the Soviets, the respite he won from the pressures of both the Soviets and his own military establishment is likely to be brief, measurable only in months. The military equipment Moscow has

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promised will not fully replace losses suffered during the war, thus not fully relieving Egyptian military officers' anxieties, and it could give the Soviets a handle for demanding political concessions if the military chiefs again become restive. When, as is likely, Egypt renews its request for a new arms agreement, Moscow can claim that it has shown its good faith already and that the burden is on Cairo to make a political accommodation if it wants new arms.

A further agreement in the Sinai would bring an additional respite, but it would not bring the same degree of satisfaction or the euphoria among Egyptians that accompanied last year's disengagement. The average Egyptian expected peace and economic recovery momentarily at that time; he has now come to doubt that either the Egyptian government or the US intends to work for these ends. Popular discontent with Sadat, although temporarily relievable by another disengagement, is likely to continue simmering until both goals are achieved. The combination of pressures from the Soviets and from domestic civilian and military sources could quickly mount, forcing Sadat himself to turn away from further US-sponsored negotiations.

In the longer term, failure to achieve some kind of negotiating formula that holds the promise of satisfying both Egyptian and Syrian demands is likely to lead Cairo and Damascus to conclude that another round of fighting is necessary to achieve their political aims.

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The Israelis see Syria, which has been massively resupplied by the Soviets, as their most militant opponent; even without a direct provocation Israel might attempt a first-strike, knock-out blow designed to cripple the Syrian armed forces.

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But a quick military victory would present the US with a fait accompli, something the Israeli press recently has alluded to by pointing out the "lessons" of the Turkish invasion of Cyprus. In any case, if the Israelis convince themselves that an imminent Arab military threat exists, they would act first and worry about the US later.

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